

Date: October 4, 2011

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: David Boyd, Finance Director
Subject: Third Party Administrator Services

Executive Summary

In September 2007 the City entered into a contract with Compensation Claims Solution for workers' compensation claims administration services. This contract resulted from an RFP and was for a period of three years. This contract was later extended for one year.

On June 20, 2011 the Finance Department issued a request for proposals (RFP) for Third Party Administrator Services and received eight responses. A third party administrator is a company that manages workers' compensation and/or liability claims. A committee comprised of personnel from the Departments of Finance, City Attorney's Office and EO/EA evaluated the proposals. Based on this evaluation, the committee interviewed four of the firms and recommends Brentwood Services Administrators, Inc as the third party administrator for workers' compensation claims for a one-year contract with two one-year renewals at the City's option.

Recommendation

It is recommended that the City Council authorize the City Manager to:

- 1) enter into a contract with Brentwood Services Administrators, Inc. in the amount of \$71,335.00 for a period of one year beginning December 1, 2011 with the option to renew for two additional one year periods at a total contract amount not to exceed \$214,005.00 for three years;
- 2) modify the contract before execution provided that modifications do not increase the dollar amount of the contract and the modifications are consistent with the general intent; and
- 3) annually exercise the option to renew and amend the contract upon determining that the contractor's performance has been satisfactory.

Background

The City self-insures its workers' compensation obligation, and therefore must provide claims administration services. Since 1998 the City has contracted workers' compensation claims administration. For this reason, the City requested proposals from third party administrator companies with expertise in handling North Carolina workers' compensation claims.

Issues and Analysis

The City received eight proposals from firms qualified to provide workers' compensation claims administration services. The proposals were evaluated on their professional

qualifications, service commitment, ability to meet the City's needs, fee schedule, and references. Four of the eight firms were deemed best able to provide services to the City. Below is the evaluation committee's rank of the four proposals.

	<u>Rank</u>	<u>First Year Cost</u>
Brentwood Services Administrators	1	\$71,335.00
Corvel Corporation	2	\$87,750.00
North Carolina League of Municipalities	3	\$92,440.00
Compensation Claims Solution	4	\$96,500.00

The evaluation committee concluded that while these all firms had the professional qualifications, experience, staffing and resources to perform as the City's workers' compensation third party administrator, the proposed fee schedule was a distinguishing feature of the proposals.

Alternatives

The City has historically contracted out workers' compensation claims administration to an independent claims adjuster. In order to ensure that the City continues to process and manage workers' compensation claims in a timely and effective manner, it is recommended that the City engages the services of a third party administrator. While not supported by the administration, the City Council could choose not to enter into the contract and direct staff to provide claims administration in house. This alternative is not without cost as additional staffing and other support resources would be required.

Financial Impact

The proposed contract with Brentwood Services Administrators, Inc is a fixed price contract with an annual fee of \$71,335.00. The contract is proposed for one year with two one-year renewals at the City's option. For three years of service the total cost is \$214,005.00. Funds are available in the Risk Fund to pay the portion of the contract that falls in FY2010-11.

SDBE Summary

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by Brentwood Services Administrators, Inc. Brentwood, TN and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

No MSDBE or WSDBE goals were set.

WORKFORCE STATISTICS

orkforce statistics for Brentwood Services, Inc. are as follows:
(Consolidated)

Total Workforce	175	
Total Females	135	(77%)
Total Males	40	(23%)
Black Males	1	(1%)
White Males	39	(22%)
Other Males	0	(0%)
Black Females	12	(7%)
White Females	121	(69%)
Other Females	2	(1%)

Attachments Draft Contract